



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Presentation of Electric, Water and Wastewater Utility First and Second Quarter (Fiscal Year 2007-08) Financial Reports

MEETING DATE: February 20, 2008

PREPARED BY: Electric Utility and Public Works Directors

RECOMMENDED ACTION: Receive a report prepared by the Electric Utility Department and Public Works Department summarizing the financial Performance for the first and second quarters of Fiscal Year 2007-08.

BACKGROUND INFORMATION: The Electric Utility (EUD) and Public Works Departments are responsible for reporting the quarterly financial results to the City Council. The attached PowerPoint report summarizes such results for the First and Second quarters of Fiscal Year 2007-08.

ELECTRIC UTILITY:

A summary of the Electric Utility's financial performance for this reporting period is as follows:

- EUD had strong first and second quarters for Fiscal Year 2007-08
- Power costs declined approximately \$705,000 from budget
- Non-power costs decreased \$1.4 million
- Revenues are down by approximately \$865,000
- Northern California Power Authority (NCPA) General Operating Reserve (GOR) is up by approximately \$295,000
- Fiscal year 2007-08 power costs are 93% hedged
- Revenues include a one-time receipt of \$3.25 million from Roseville CT1 Sale
- Overall increase in cash is about \$5.75 million through the second quarter (including Roseville revenue)

A summary of the Wastewater and Water financial performance for this reporting period is attached and is summarized as follows:

WASTEWATER:

- Cash balance is \$2.3 million
- Revenues at 48% of budget
- Operating expenses on target at 50% of budget

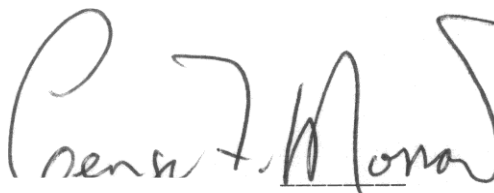
WATER:

- Cash balance is \$1 million
- Revenues are on target at 52 % of budget
- Fund operating expenses on target at 41 % of budget

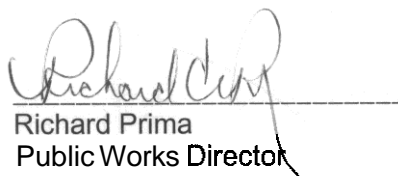
APPROVED:  Blair King, City Manager

FISCAL IMPACT: None at this time.

FUNDING: Not applicable.

A handwritten signature in dark ink, appearing to read "George F. Morrow", written over a horizontal line.

George F. Morrow
Electric Utility Director

A handwritten signature in dark ink, appearing to read "Richard Prima", written over a horizontal line.

Richard Prima
Public Works Director

Attachment



Electric Utility Department

FY08 Quarterly Update

(Through December 30, 2007)

City Council Shirtsleeve Session
February 20, 2008



Highlights

- EUD had a strong 2nd Qtr of FY08 ✓
- Power Costs declined ~\$705K ✓
- Non-power Costs decreased ~\$1.4M ✓
- Revenues down about \$865K ✗
- NCPA "GOR" up \$295K ✓
- FY08 power costs ~93% hedged ✓
- Revenues include a one-time receipt of 3.25 million from Roseville CT1 Sale. ✓
- Overall increase in cash is about \$5.75M ✓✓



Q2 Projected vs. Q2 Actual

| Cash Flow | | | |
|---|------------------|-------------------|------------------------|
| Revenue | Projected | Actuals | % of Projection |
| Sales Revenues | 38,159,944 | 37,358,628 | -2.1% |
| Other Revenues | 326,068 | 3,510,426 | 976.6% |
| Total Revenues | 38,486,012 | 40,869,054 | 6.2% |
| Expenses | | | |
| Purchase Power | 22,175,243 | 21,470,186 | -3.2% |
| Non Power | 7,480,513 | 6,028,395 | -19.4% |
| Total Expenses | 29,655,756 | 27,498,581 | -7.3% |
| Net Revenue for Debt Service | 8,830,256 | 13,370,473 | |
| Debt Service | | | |
| Net Revenue | 4,344,512 | 8,884,729 | |
| In-lieu Transfer to General Fund | 3,436,614 | 3,436,614 | 0.0% |
| Net Increase (Decrease) in Working Capital | 907,898 | 5,448,115 | |
| | | | |
| Beginning Cash Balance | 5,162,285 | 5,162,285 | |
| Changes in GOR | - | 295,352 | |
| Ending Cash Balance | 6,070,183 | 10,905,752 | |



FY08 Budget vs. Q2 Actual

| Cash Flow | | | |
|---|------------------|-------------------|--------------------|
| Revenue | Budget | Actuals | % of Budget |
| Sales Revenues | 70,072,930 | 37,358,628 | 53.3% |
| Other Revenues | 1,528,192 | 3,510,426 | 229.7% |
| Total Revenues | 71,601,122 | 40,869,054 | 57.1% |
| Expenses | | | |
| Purchase Power | 42,333,517 | 21,470,186 | 50.7% |
| Non Power | 11,649,177 | 6,028,395 | 51.7% |
| Total Expenses | 53,982,694 | 27,498,581 | 50.9% |
| Net Revenue for Debt Service | 17,618,428 | 13,370,473 | |
| Debt Service | 8,971,488 | 4,485,744 | 50.0% |
| Net Revenue | 8,646,940 | 8,884,729 | |
| In-lieu Transfer to General Fund | 6,873,228 | 3,436,614 | 50.0% |
| Net Increase (Decrease) in Working Capital | 1,773,712 | 5,448,115 | |
| | | | |
| Beginning Cash Balance | 5,162,285 | 5,162,285 | |
| Changes in GOR | - | 295,352 | |
| Ending Cash Balance | 6,935,997 | 10,905,752 | |



Electric Expenses by Series

| | Q2 Budget | Q2 Actual | % Q2 Bud | FY08 Budget |
|---------------------------------|------------------|------------------|--------------|------------------|
| Personnel | 2,995,312 | 2,624,819 | 88% | 5,967,361 |
| Supplies, Materials, Services | 795,988 | 644,719 | 81% | 1,382,319 |
| Equipment, Land, Structures | 423,440 | 286,561 | 68% | 1,194,481 |
| Other Payments | 307,450 | 91,307 | 30% | 530,770 |
| Communication & Transportation | 30,435 | 32,932 | 108% | 64,470 |
| Total Operating Expenses | 4,552,625 | 3,680,338 | 80.8% | 9,139,401 |



**Note: Includes Capital Expenditures in
Equipment, Land and Structures**



Q2 Power Supply

| | Estimated | Actual | Change | % Change |
|---------------------|----------------------|----------------------|---------------------|--------------|
| Generation | \$ 19,159,003 | \$ 19,495,983 | \$ 336,980 | 1.7% |
| Transmission | \$ 2,780,248 | \$ 3,122,812 | \$ 342,564 | 11.0% |
| Management Services | \$ 1,198,398 | \$ 1,208,695 | \$ 10,297 | 0.9% |
| Third Party Revenue | \$ (962,406) | \$ (2,357,304) | \$ (1,394,898) | 59.2% |
| TOTAL | \$ 22,175,243 | \$ 21,470,186 | \$ (705,057) | -3.3% |



Sales

| | YTD Projections | YTD Actuals | % Difference |
|---------|--------------------|----------------|--------------|
| kWh | 250,337,260 | 241,726,224 | -3.4% |
| Revenue | \$38,159,944 | \$37,358,628 | -2.1% |

Weather

| | Year | HDD | Normal | CDD | Normal |
|--------------|------|-----|--------|-------|--------|
| July | 2007 | 0 | 0 | 412 | 390 |
| August | 2007 | 0 | 0 | 428 | 363 |
| September | 2007 | 12 | 5 | 201 | 247 |
| October | 2007 | 68 | 76 | 23 | 73 |
| November | 2007 | 255 | 348 | 0 | 0 |
| December | 2007 | 592 | 609 | 0 | 0 |
| Q1/Q2 Totals | | 927 | 1038 | 1,064 | 1,073 |



Q2 Billing Statistics

| Projected | | | |
|-----------------------------------|--------------------|----------------------|------------------|
| Customer Class | kWh Sales | Revenue | Average Rate |
| Residential | 85,738,521 | \$ 14,718,723 | \$ 0.1717 |
| Small Commercial | 91,999,760 | \$ 15,070,896 | \$ 0.1638 |
| Large Commercial/Small Industrial | 19,822,620 | \$ 2,888,328 | \$ 0.1457 |
| Industrial | 52,776,358 | \$ 5,481,998 | \$ 0.1039 |
| TOTAL | 250,337,260 | \$ 38,159,944 | \$ 0.1524 |

| Actual | | | |
|-----------------------------------|--------------------|----------------------|------------------|
| Customer Class | kWh Sales | Revenue | Average Rate |
| Residential | 82,789,310 | \$ 14,409,646 | \$ 0.1741 |
| Small Commercial | 88,835,176 | \$ 14,754,424 | \$ 0.1661 |
| Large Commercial/Small Industrial | 19,140,767 | \$ 2,827,676 | \$ 0.1477 |
| Industrial | 50,960,971 | \$ 5,366,882 | \$ 0.1053 |
| TOTAL | 241,726,224 | \$ 37,358,628 | \$ 0.1545 |



NCPA “GOR”

- **General Operating Reserve**
- **Provides funding for contingencies**
- **GOR levels**
 - \$4,790,663 (June 30, 2007)
 - \$5,086,015 (December 31, 2007)

\$295,352 Increase



ECA Billing Statistics

| Customer Class | Q1 | Q2 | Total |
|-----------------------------------|------------------|------------------|------------------|
| Residential | (159,594) | 545,871 | 386,277 |
| Small Commercial | (165,623) | 586,856 | 421,233 |
| Large Commercial/Small Industrial | (39,020) | 130,455 | 91,435 |
| Industrial | (105,963) | 392,355 | 286,392 |
| Total ECA Revenue | (470,200) | 1,655,537 | 1,185,337 |

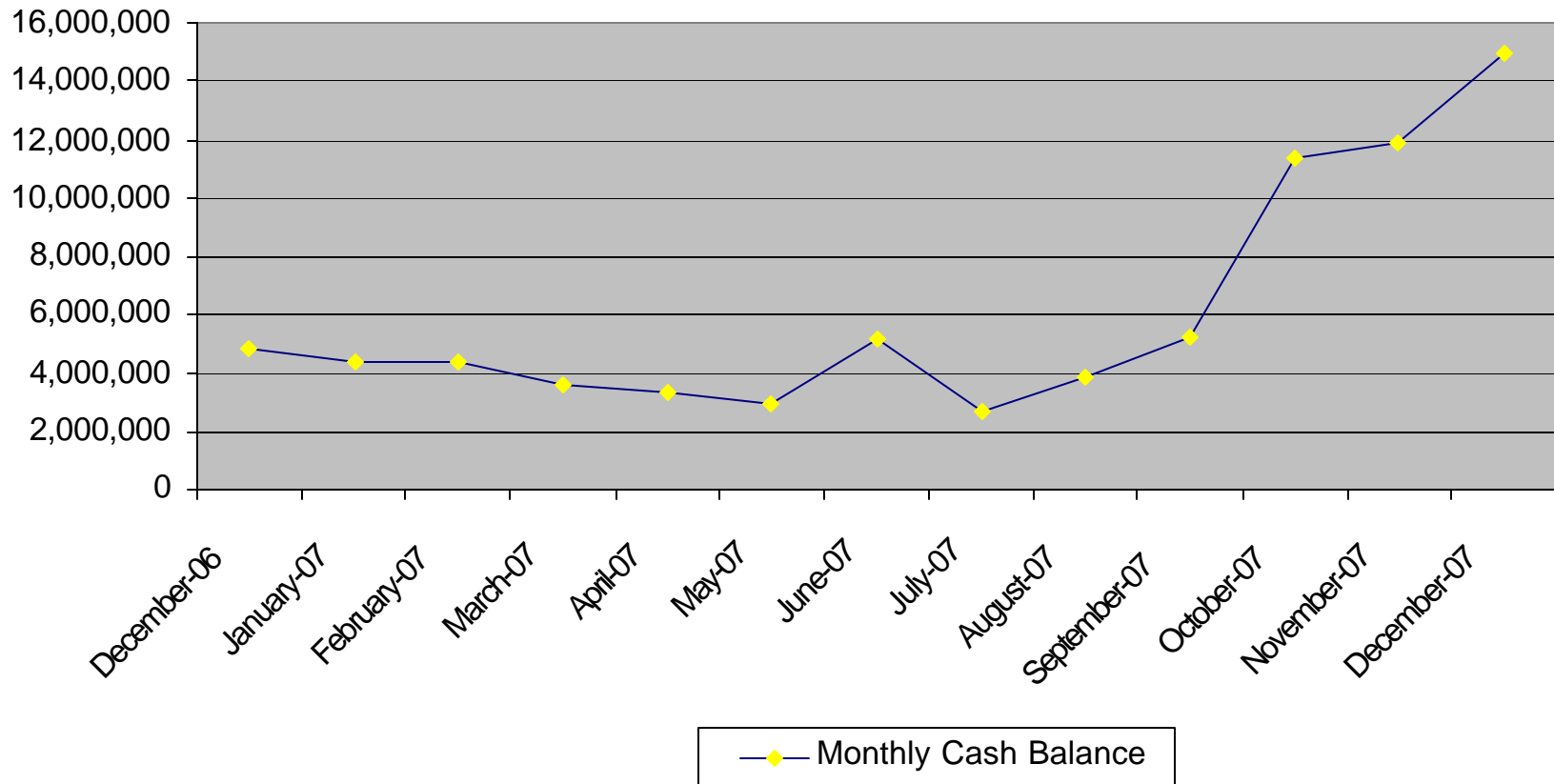


FY08 “Open Position”

| | Lodi Total Surplus/(Deficit) | Load | % of Load | Lodi HLH Surplus/(Deficit) | Load | % of Load | Lodi LLH Surplus/(Deficit) | Load | % of Load |
|-----------|---------------------------------|---------|-----------|-------------------------------|---------|-----------|-------------------------------|---------|-----------|
| July 2007 | (3,699) | 53,597 | -6.9% | (763) | 33,935 | -2.2% | (2,936) | 19,662 | -14.9% |
| August | (3,741) | 49,592 | -7.5% | (1,994) | 32,886 | -6.1% | (1,747) | 16,706 | -10.5% |
| September | 222 | 42,940 | 0.5% | 459 | 26,615 | 1.7% | (237) | 16,325 | -1.5% |
| October | (1,365) | 38,430 | -3.6% | (1,318) | 25,325 | -5.2% | (47) | 13,105 | -0.4% |
| November | (1,534) | 35,719 | -4.3% | (723) | 23,150 | -3.1% | (811) | 12,569 | -6.5% |
| December | (2,175) | 37,802 | -5.8% | (420) | 23,379 | -1.8% | (1,755) | 14,422 | -12.2% |
| Jan 2008 | (5,948) | 36,994 | -16.1% | (3,754) | 23,390 | -16.1% | (2,193) | 13,604 | -16.1% |
| February | (5,272) | 35,512 | -14.8% | (3,129) | 23,016 | -13.6% | (2,143) | 12,496 | -17.2% |
| March | (3,176) | 36,637 | -8.7% | (1,568) | 23,066 | -6.8% | (1,609) | 13,571 | -11.9% |
| April | (4,031) | 36,293 | -11.1% | (4,521) | 23,797 | -19.0% | 489 | 12,497 | 3.9% |
| May | (961) | 39,059 | -2.5% | (1,931) | 25,104 | -7.7% | 970 | 13,955 | 6.9% |
| June | (3,039) | 43,062 | -7.1% | (1,950) | 27,469 | -7.1% | (1,089) | 15,593 | -7.0% |
| Net Total | (34,720) | 485,638 | -7.1% | (21,611) | 311,132 | -6.9% | (13,109) | 174,506 | -7.5% |



Cash Balance





Summary

- EUD had a strong 2nd Qtr of FY08
- Power Costs declined ~\$705K
- Non-power Costs decreased ~\$1.4M
- Revenues down about \$865K
- NCPA “GOR” up \$295K
- FY08 power costs ~93% hedged
- Revenues include a one-time receipt of 3.25 million from Roseville CT1 Sale.
- Overall increase in cash is about **\$5.75M**



Water and Wastewater

FY07 Quarterly Update

(Through December 31, 2007)

City Council Meeting
February 20, 2008



Summary

WASTEWATER:

- Cash balance is \$2.3 million
- Revenues at 48% of budget
- Operating expenses on target at 50% of budget

WATER:

- Cash balance is \$.94 million.
- Revenues are on target at 52 % of budget
- Fund Operating expenses on target at 41 % of budget



Wastewater Financials

Quarters Ending 12/31/07

| Revenue | FY Budget | Actuals | % of Budget |
|--|-----------------------|----------------------|--------------------|
| Sales Revenues | 8,838,600 | 4,295,363 | 48.6% |
| Other Revenues | 510,000 | 243,544 | 47.8% |
| Impact Mitigation Fees | 2,002,770 | 133,642 | 6.7% |
| Total Revenues | \$11,351,370 | \$4,672,549 | 41.2% |
| Expenses | | | |
| Operating | \$5,210,090 | 2,627,416 | 50.4% |
| Capital Outlay | 28,469,807 | 7,204,448 | 25.3% |
| Total Expenses | \$33,679,897 | \$9,831,864 | 29.2% |
| Net Revenue for Debt Service | (\$22,328,527) | (\$5,159,315) | 23.1% |
| Debt Service | 3,339,773 | 1,760,857 | 52.7% |
| Net Revenue | (\$25,668,300) | (\$6,920,172) | 27.0% |
| Less Cost of Services Transfer to General Fund | 1,404,661 | 702,331 | 50.0% |
| Net Increase (Decrease) in Cash | (\$27,072,961) | (\$7,622,503) | 28.2% |
| Beginning Cash Balance | 1,757,400 | 4,956,069 | 282.0% |
| Other Changes in Cash | 27,714,654 | 4,984,599 | |
| Ending Cash Balance | \$2,399,093 | \$2,318,165 | 96.6% |
| Note: Other Changes comprise proceeds from sale of 2004 COPS and other working capital items | | | |



Wastewater Operating Expenses by Series

| | FY08 Budget | FY08 Q2 | % of Budget |
|---------------------------------|---------------------|---------------------|--------------|
| Personnel | \$ 2,991,129 | \$ 1,562,123 | 52.2% |
| Supplies, Materials, Services | 1,032,686 | 490,043 | 47.5% |
| Equipment, Land, Structures | 182,940 | 30,981 | 16.9% |
| Other Payments | 201,870 | 147,715 | 73.2% |
| Communication & Transportation | 801,465 | 396,554 | 49.5% |
| Total Operating Expenses | \$ 5,210,090 | \$ 2,627,416 | 50.4% |



Water Financials

Quarter Ending 12/31/07

| Revenue | FY Budget | Actuals | % of Budget |
|--|---------------------|--------------------|--------------------|
| Sales Revenues | \$11,311,000 | 5,875,860 | 51.9% |
| Other Revenues | 726,200 | 428,760 | 59.0% |
| Impact Mitigation Fees | 224,000 | 30,748 | 13.7% |
| Total Revenues | \$12,261,200 | \$6,335,368 | 51.7% |
| Expenses | | | |
| Operating | 4,378,128 | 1,811,497 | 41.4% |
| Capital Outlay | 6,052,976 | 1,921,233 | 31.7% |
| Total Expenses | \$10,431,104 | \$3,732,730 | 35.8% |
| Net Revenue for Debt Service | \$1,830,096 | \$2,602,638 | 142.2% |
| Debt Service | 228,025 | 16,399 | 7.2% |
| Net Revenue | \$1,602,071 | \$2,586,239 | |
| Cost of Services Transfer to General Fund | 1,036,399 | 524,130 | 50.6% |
| Net Increase (Decrease) in Cash | \$565,672 | \$2,062,109 | 364.5% |
| Beginning Cash Balance | 534,780 | (475,262) | -88.9% |
| Other Changes in Cash (See note below) | | (647,072) | |
| Ending Cash Balance | \$1,100,452 | \$939,775 | |
| Note: PCE/TCE settlements in 07/08 (\$8 million) for mitigation efforts are not included in analysis | | | |



Water Expenses by Series

| | FY08 Budget | FY08 Q2 | % of Budget |
|---------------------------------|---------------------|---------------------|--------------|
| Personnel | \$ 1,180,697 | \$ 280,334 | 23.7% |
| Supplies, Materials, Services | 694,411 | 180,410 | 26.0% |
| Equipment, Land, Structures | 3,500 | 222 | 6.3% |
| Other Payments | 1,620,980 | 917,453 | 56.6% |
| Communication & Transportation | 878,540 | 433,078 | 49.3% |
| Total Operating Expenses | \$ 4,378,128 | \$ 1,811,497 | 41.4% |